

IN THE MATTER OF
NATHANIEL FEIT DOING BUSINESS AS DURABLE HAT
COMPANY ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket C-1034. Complaint, Jan. 20, 1966—Decision, Jan. 20, 1966

Consent order requiring a New York City manufacturer engaged in the manufacture of men's hats from previously used or worn hat bodies to disclose affirmatively on the hats the true nature of their origin and composition and to cease falsely representing that the hat bodies were originally made by any particular manufacturer.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Nathaniel Feit, an individual trading as Durable Hat Company, and Natco Hat Company, a partnership, and Nathaniel Feit and N. Courtman, individually and as partners therein, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Nathaniel Feit is an individual trading as Durable Hat Company. Respondent Natco Hat Company is a partnership composed of respondent Nathaniel Feit and respondent N. Courtman who are individuals and partners therein and formulate, direct and control the acts, practices and policies of said partnership including those hereinafter set forth. The office and principal place of business of each respondent is located at 23 Waverly Place, New York City, New York.

PAR. 2. Respondent Nathaniel Feit, trading and doing business as Durable Hat Company, is engaged in the manufacture of men's hats from hat bodies which have been previously used or worn. Said hats when manufactured are sold to respondent Natco Hat Company which is engaged in the offering for sale, sale and distribution of said hats to wholesalers, jobbers and retailers for resale to the public. The respondents cooperate and act together in carrying out the acts and practices herein alleged.

PAR. 3. In the course and conduct of their business, respondents cause, and for some time last past have caused, their products, when sold, to be shipped from their places of business in the State of New York to purchasers thereof located in various other States of the United States, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, respondents recondition or make over men's hats, using in the process, hat bodies which have been previously used or worn. Respondents place various labels on the exposed surface of the sweat bands of their finished hats.

Typical and illustrative, but not all inclusive of such is the following:

This is a Renovated
JOHN B. STETSON
HAT

PAR. 5. By and through the use of labels such as those illustrated in Paragraph Four hereof, respondents represent, directly or by implication, that:

(1) Each of the hats so labeled was originally manufactured by the John B. Stetson Co., a long-established and well-known manufacturer of men's hats, whose products are widely accepted by the purchasing public; and

(2) Each of the hats so labeled was made entirely from new

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and unused materials which have not previously been sold to and worn by consumers.

PAR. 6. In truth and in fact:

(1) Each of the hats so labeled was not originally manufactured by the John B. Stetson Co. Among the hats so labeled may be some that were originally manufactured by the John B. Stetson Co. However, respondents also make over previously used or worn hats originally produced by other manufacturers and respondents do not in their manufacturing process preserve the identity of the original manufacturer of their made over hats.

(2) Each of the hats so labeled was not made entirely from new and unused materials which had not been previously sold to and worn by consumers. All of the hats so labeled are made over from hats which have been previously used or worn by consumers.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were and are false, misleading and deceptive.

PAR. 7. By the use of the word "renovated" in the labels as illustrated in Paragraph Four hereof and through the absence of words or wording clearly disclosing that their hats are made over from previously used and worn hat bodies, respondents fail to disclose adequately that their hats are made from previously used and worn hat bodies as distinguished from hats made entirely from new and unused materials which have not previously been sold to consumers.

When made over, the hats sold by respondents have the appearance of hats made entirely of new and unused materials which have not previously been sold to consumers and, in the absence of an adequate disclosure that such hats are made from previously used and worn hat bodies, such hats are understood to be and are readily accepted by the purchasing public as being made entirely from new and unused materials which have not previously been sold to and worn by consumers, facts of which the Commission takes official notice. This understanding and acceptance by the public is further enhanced by respondents' use of the John B. Stetson name in their labeling coupled with the absence of any disclosure that such hats are respondents' products.

PAR. 8. There is a preference on the part of the purchasing public for products, including men's hats, produced or manufactured by long-established and well-known business firms, a fact of which the Commission takes official notice.

PAR. 9. By and through the acts and practices herein alleged, respondents place in the hands of others the means and instrumentalities whereby they may mislead and deceive the public in the manner and as to the things herein alleged.

PAR. 10. In the conduct of their business and at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of men's hats.

PAR. 11. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices and their failure to disclose adequately that their hats are made over from previously used and worn hat bodies have had and now have the tendency and capacity to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true; into the erroneous and mistaken belief that respondents' hats are made entirely from new and unused materials which have not previously been sold to and worn by consumers and into the purchase of substantial quantities of respondents' products by reason of said erroneous and mistaken beliefs.

PAR. 12. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Deceptive Practices proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by the respondents that the law has been

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violated as alleged in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having reason to believe that the respondents have violated the Federal Trade Commission Act, and having determined that complaint should issue stating its charges in that respect, hereby issues its complaint, accepts said agreement, makes the following jurisdictional findings and enters the following order:

1. Respondent Nathaniel Feit is an individual trading and doing business as Durable Hat Company. Respondent Natco Hat Company is a partnership composed of respondent Nathaniel Feit and respondent N. Courtman, who are individuals and partners in said partnership. The office and principal place of business of each of the respondents is located at 23 Waverly Place, New York 3, New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Nathaniel Feit, an individual trading and doing business as Durable Hat Company or under any other name or names, and Natco Hat Company, a partnership, and Nathaniel Feit and N. Courtman, individually and as partners therein, trading and doing business as Natco Hat Company or under any other name or names, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of hats in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(1) Offering for sale, selling or distributing discarded, secondhand or previously used hats that have been rebuilt, reconstructed, reconditioned or otherwise made over, or hats that are composed in whole or in part of materials which have previously been worn or used, unless a statement that said hats are composed of secondhand, or used materials (*e.g.*, "secondhand," "worn," "used," or "made-over") is stamped in some conspicuous place on the exposed surface of the inside of the hat in clearly legible terms which cannot be obliterated without mutilating the hat itself: *Provided*, That, if sweat bands or bands similar thereto are attached to said

hats, such statement may be stamped upon the exposed surface of such bands: *Providing*, That said stampings be of such a nature that they cannot be removed or obliterated without mutilating the band and the band itself cannot be removed without rendering the hat unserviceable.

(2) Representing, directly or by implication, in labeling or in any other manner, that the hats sold by respondents were or are made from hats originally manufactured by any particular hat manufacturer.

(3) Placing in the hands of others the means and instrumentalities by and through which they may mislead and deceive the public as to the matters and things set forth in Paragraphs (1) and (2) of this order.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.
